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Kimball L. Kenway  
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August 10, 2004

Dennis L. Keschl, Administrative Director  
Maine Public Utilities Commission  
State House Station 18  
Augusta, Maine 04333

Re: RCC MINNESOTA, INC.,  
Request for Designation as an Eligible Telecommunications Carrier  
MPUC Docket No. 2002-344

Dear Dennis:

In connection with the above-noted matter, Joel Shifman recently requested that RCC Minnesota, Inc., ("RCC") provide updated information regarding the amount and disposition of funds received as a result of RCC's designation by this Commission as an eligible telecommunications carrier. We understand that this information is requested in connection with the Commission's annual high-cost certification to the Federal Communications Commission pursuant to Sections 54.313 and 54.314 of the FCC's rules, 47 C.F.R. §§ 54.313, 54.314. RCC was designated as an eligible telecommunications carrier ("ETC") by the Commission on May 13, 2003, for the purpose of receiving high-cost support under the federal universal service program.

From the period January 1, 2004, through June 30, 2004 (the most recent period available) RCC received \$1,444,972 in high-cost support from the Universal Service Fund. RCC received \$388,904 during calendar year 2003. Based upon support received thus far, RCC currently receives support at a rate of approximately \$203,000 per month, or approximately \$2.4 million per year.

Please note that RCC's designation in areas served by several rural ILECs has not yet taken effect, and will not until the FCC grants its concurrence with the proposed redefinition of those service areas under Section 214(e)(5) of the Act. RCC filed its petition for concurrence on June 24, 2003, and the petition remains pending before the FCC. Upon a grant of concurrence, RCC anticipates an increase in its high-cost support by approximately \$2.2 million per year, which would bring its total projected support to approximately \$4.6 million per year. Additionally, because it has not yet obtained a waiver of applicable high-cost certification deadlines, RCC has not yet received support for the third quarter of 2003. Upon a grant of an FCC waiver, RCC would receive approximately \$300,000 in credits spread out over several months of USF receipts.

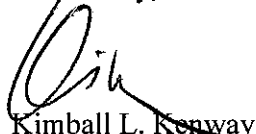
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As of this writing, RCC is in the process of obtaining leases and zoning approvals and reviewing environmental and title reports for proposed cell sites that will improve and/or expand wireless service in the Rumford, Strong and Bethel areas. These facilities are expected to be in place by fall of this year. RCC is also in the process of reviewing site location studies for a new site in China, which RCC hopes to bring online during the first quarter of 2005. In addition to securing and building the above sites, RCC has obtained most of the approvals necessary to complete a new cell site in the Fort Kent area. (We are currently responding to a request for a historic preservation study.) RCC hopes to have this tower completed and in service by October 2004. The planned sites listed above would not be built in the foreseeable future, if at all, absent federal high-cost support.

Several other significant upgrades that RCC was able to complete with USF funding include additional channel capacity at the following cell sites: Argyle, Dixmont, Howland, Carmel, and Union. RCC also sectorized the Vassalboro cell site. RCC has also used ETC funding to accelerate the deployment of next-generation technology using a GSM platform. This network migration is necessary because RCC's current technology platforms are scheduled to sunset by 2007 and new research and development on these platforms ceased several years ago. With high-cost support, RCC was able to upgrade more rural cell sites ahead of schedule. Those sites include facilities located in Dixmont, Palmyra, Howland, Carmel, Vassalboro, Newcastle, Northport and Woodstock. RCC was also able to complete a microwave upgrade at the Union cell site.

I trust the information provided above will assist the Commission in completing its high-cost certification for RCC.

Yours truly,

  
Kimball L. Kenway

cc: Stephen G. Ward, Public Advocate  
Elizabeth L. Kohler, Esq.